



The Pensioner: In the Moment

Welcome to the digital MPERS newsletter! *The Pensioner: In the Moment* contains news, updates, and important information for retirees of the Missouri Department of Transportation, the Missouri State Highway Patrol, and MPERS.

2022 Financial Status Update

In case you missed it, MPERS had a great 2022 fiscal year. Despite periods of near-record inflation and an uncertain stock market, MPERS' investment staff' strategic decisions benefited the System not only in FY 2022 but also for years to come. Take a look as Executive Director Scott Simon shares the 2022 Financial Status Update below.



What Is The MPERS' COLA and How Is It Determined?

MPERS' benefit recipients are eligible for an annual cost-of-living adjustment, commonly referred to as the COLA. The COLA can vary from zero to five percent annually and is equal to 80% of the percentage increase in the [Consumer Price Index for all Urban Consumers for the United States \(CPI-U\)](#).

The Consumer Price Index used to calculate the COLA for MPERS benefit recipients is different than the Consumer Price Index used to calculate the social security COLA. The Social Security Administration uses the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is why the social security COLA amount is different from the MPERS COLA amount.

According to the U.S. [Bureau of Labor Statistics](#), the CPI-U is a more general index and seeks to track retail prices as they affect all urban consumers. It encompasses about 87% of the United States population.

The CPI-W is a more specialized index and seeks to track retail prices as they affect urban hourly wage earners and clerical workers. It encompasses about 32% of the United States population and is a subset

of the CPI-U group.

The CPI-W places a slightly higher weight on food, apparel, transportation, and other goods and services. It places a slightly lower weight on housing, medical care, and recreation.

Why does it matter? MPERS calculates annual COLAs according to the statutory guidelines set out in state law. In accordance with Sections [104.103.5](#) & [104.1045.2](#), the annual COLA increase is determined each January based on the percentage change in the average Consumer Price Index from the **previous** year.

Consumer Price Index for All Urban Consumers (CPI-U)		
<u>Month</u>	<u>2020</u>	<u>2021</u>
January	257.671	261.582
February	258.678	263.014
March	258.115	264.877
April	256.389	267.054
May	256.394	269.195
June	257.797	271.696
July	259.101	273.003
August	259.918	273.567
September	260.280	274.310
October	260.388	276.589
November	260.229	277.948
December	<u>260.474</u>	<u>278.802</u>
Annual Average	258.811	270.970

An example of how the COLA is calculated can be found in the illustration below. The following computations were used for the 2022 COLA and were based on information received from the U.S. Department of Labor.

$$(270.970 - 258.811) / 258.811 = 4.698\% \times 80\% = 3.758\%$$

2021 Average	2020 Average	2020 Average	Percent of change between 2020 and 2021	Percent set in statute	Total 2022 COLA
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In this example, the 2020 average is 258.811 and the 2021 average is 270.970.

The difference between the two averages, divided by the 2020 average is 4.698%, which is the percent of change between the two averages.

Since the COLA is calculated using 80% of percent of change in the CPI-U, 4.698% is multiplied by 80% and the result is the 2022 COLA percentage of 3.758%.

For the 2023 COLA, we will be using the 2021 and 2022 averages, however, the 2022 numbers will not be complete until mid-January.

If you would like to learn more about how Social Security calculates their COLA or more about how MPERS' COLA may affect you, please select the links below.

[MPERS COLA Information](#)

[Social Security COLA Information](#)

Tax Forms Update...Yes, It IS As Exciting As It Sounds

The IRS has updated the W-4P form and requires taxpayers to use it effective January 1, 2023.

This applies to active employees retiring effective January 1, 2023, and benefit recipients (retirees, survivors, etc.) who want to update their tax withholdings after January 1, 2023.

MPERS Missouri's Public Employees Retirement System
P.O. Box 202 • Jefferson City, MO 64501-0202
Tel: (573) 522-4111 • Fax: (573) 522-4111 • Email: mpers@mpers.org
Website: www.mopers.org

W-4P Substitute
1. Complete all sections of this form.
2. Submit with your 2022 federal or state tax return.
3. Keep for your records.

Withholding Certificate for Pension Benefit Payments

PERSONAL INFORMATION

Name: (Last, first, middle initial) _____
Social Security Number: _____
Type of Benefit Payment (check one):
☐ Retirement ☐ Disability ☐ Ex-Spouse ☐ Survivors/Retiree
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Telephone: () _____
Fax: () _____

FEDERAL TAX WITHHOLDING (CHECK ONLY ONE FEDERAL OPTION)

☐ Option 1 **Federal Tax Withholding** - I elect not to have income tax withheld from my pension benefit. This option does not reduce any of my tax liability.
☐ Option 2 **Federal Withholding Based on Marital Status and Number of Allowances** - I want my withholding from my pension benefit payment to be determined using the following marital status and allowances:
Marital Status: ☐ Single ☐ Married ☐ Married, but without at single rate
Number of Allowances: _____
Under Option 2, you may elect an additional flat amount to be withheld each month, in addition to the amount based on the allowances specified above.
I want an extra \$ _____ withheld from each pension benefit payment.
☐ Option 3 **No Change to Current Federal Withholding Election.**

MISSOURI STATE TAX WITHHOLDING (CHECK ONLY ONE OPTION)

☐ Option 1 **Missouri State Tax Withholding** - I elect not to have income tax withheld from my pension benefit. This option does not reduce any of my tax liability.
☐ Option 2 **Flat Amount (Minimum \$10 - max \$ _____)** - I want \$ _____ withheld from each pension benefit payment. This must be a flat amount (no cents).
☐ Option 3 **No Change to Current Missouri State Withholding Election.**

Signature: _____ Date: _____

If you are a current benefit recipient and need to make changes to your **2022** federal or state taxes, you can use the [W-4P Substitute](#).

W-4P Withholding Certificate for Periodic Pension or Annuity Payments
2022

Step 1: Personal Information
Name: _____
Social Security Number: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Telephone: () _____
Fax: () _____

Step 2: Federal Tax Withholding
a. I elect not to have income tax withheld from my pension or annuity. This option does not reduce any of my tax liability.
b. I want my withholding from my pension or annuity payment to be determined using the following marital status and allowances:
Marital Status: ☐ Single ☐ Married ☐ Married, but without at single rate
Number of Allowances: _____
Under Option 2, you may elect an additional flat amount to be withheld each month, in addition to the amount based on the allowances specified above.
I want an extra \$ _____ withheld from each pension or annuity payment.
c. I want no change to my current federal withholding election.
d. I want a flat amount (minimum \$10 - max \$ _____) withheld from each pension or annuity payment. This must be a flat amount (no cents).

Step 3: Missouri State Tax Withholding
a. I elect not to have income tax withheld from my pension or annuity. This option does not reduce any of my tax liability.
b. I want a flat amount (minimum \$10 - max \$ _____) withheld from each pension or annuity payment. This must be a flat amount (no cents).
c. I want no change to my current Missouri state withholding election.

Signature: _____ Date: _____

If you are an active employee who will be retiring on or after January 1, 2023, or if you are a benefit recipient who would like to make federal tax changes to be effective January 1, 2023, or later, you must complete the IRS W-4P form.

The **IRS W-4P** form can be located on the [Internal Revenue Service's website](#).

Missouri Department of Revenue
Withholding Certificate for Pension or Annuity Payments
MO W-4P

This form is to be provided to the administrator of your retirement plan. Do not send to the Department of Revenue.
This certificate is for voluntary withholding of Missouri State Income Tax from pension or annuity income only.

First Name (Print or Type): _____ Social Security Number: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
E-mail Address: _____
Phone: () _____
Fax: () _____


Check one of the following:
☐ I elect not to have income tax withheld from my pension or annuity. (If you check this box, do not complete Line 2.)
☐ I want my withholding from my pension or annuity payment to be determined using the following marital status and allowances:
Marital Status: ☐ Single ☐ Married ☐ Married, but without at single rate
Number of Allowances: _____
Under Option 2, you may elect an additional flat amount to be withheld each month, in addition to the amount based on the allowances specified above.
I want an extra \$ _____ withheld from each pension or annuity payment.
☐ I want no change to my current Missouri state withholding election.

Signature: _____ Date: _____

Currently, MPERS provides a W-4P substitute that combines the federal and state withholdings on one form. After January 1, 2023, federal and Missouri state tax W-4P forms must be submitted separately.

The **MO W-4P** can be located [on the Missouri Department of Revenue's website](#).

Please remember, MPERS cannot give tax advice. Please consult a tax professional regarding completion of the [IRS W-4P](#) and the [MO W-4P](#) should you need assistance.



2022 State of The System

Wednesday, December 7, 2022

3:00 p.m. - 4:00 p.m.

We are excited to announce that the first annual **virtual** State of The System will be held on December 7, 2022, from 3:00 p.m.-4:00 p.m!

Join MPERS' Executive Director, Scott Simon, Assistant Executive Director and General Counsel, Greta Bassett-Seymour, Chief Financial Officer, Jennifer Even, and Chief Investment Officer, Larry Krummen,

as they update our stakeholders on the status of MPERS and address questions they may have.

Further details including registration information will be coming soon!

MPERS Receives Award from the Public Pension Coordinating Council

MPERS has received an award in recognition of meeting professional plan design and administration standards.

The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

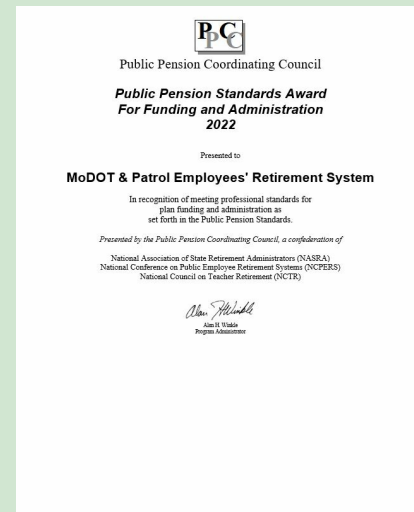
According to NASRA.org, to receive the Recognition Award for Administration, the retirement system must certify that it meets the requirements in five areas of assessment:

1. **Comprehensive Benefit Program.** The system must provide a comprehensive benefit program including service retirement benefits, in-service death benefits, disability benefits, vesting, and provisions for granting a cost-of-living adjustment.
2. **Actuarial.** An Actuarial Valuation must be completed at least every two years using generally-recognized and accepted actuarial principles and practices.
3. **Audit.** The system must obtain an unqualified opinion from an independent audit conducted following government auditing standards generally accepted in the United States.
4. **Investments.** The system must follow written investment policies and written fiduciary standards and the system must obtain an annual investment performance evaluation from an outside investment review entity.
5. **Communications.** Members must be provided a handbook or summary plan description, regular updates to the documents, and an annual benefit statement. Meetings of the governing board of the system are conducted at least quarterly with adequate public notice.

To receive the recognition Award for Funding, the retirement system must certify that it meets the requirements for funding adequacy, as defined as meeting one or more of the following criteria:

- A. A funded ratio of 100%;
- B. Contribution rates equal to or greater than 100 percent of the Annual Required Contribution; or
- C. A plan has been approved by the governing body to achieve or one or both of these criteria within five years.

MPERS has been awarded the Public Pension Standards Award for Funding and Administration annually since 2004.



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Upcoming Events

- 11 - Veterans Day, office closed
- 15 - Deadline to submit direct deposit and/or tax withholding changes. [Complete changes here.](#)
- 17 - Board meeting
- 24 - Thanksgiving Day, office closed
- 30 - Payday for benefit recipients



We value your feedback!
What would you like to see in ***The Pensioner: In the Moment?***
Send comments and suggestions to Julie.West@mpers.org.